

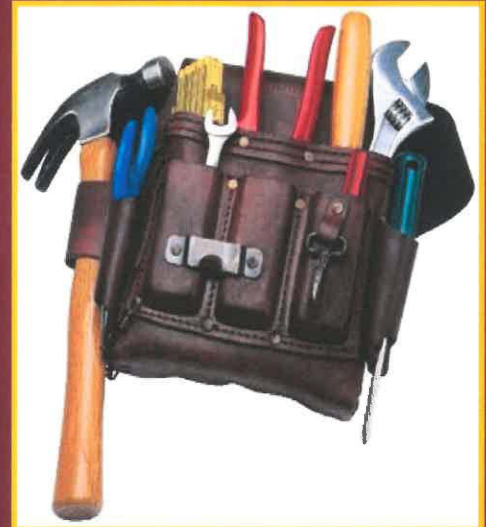
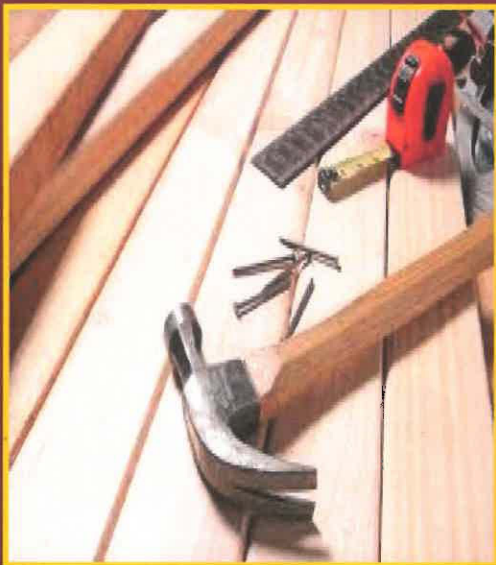


## **DIVISION OF INSPECTOR GENERAL**

**KEN BURKE, CPA**

**CLERK OF THE CIRCUIT COURT AND COMPTROLLER  
PINELLAS COUNTY, FLORIDA**

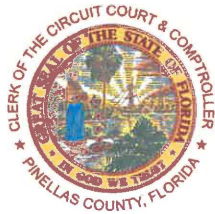
# **FOLLOW-UP AUDIT OF REAL ESTATE MANAGEMENT WAREHOUSE INVENTORY CONTROLS**



**Hector Collazo Jr.**  
**Inspector General/Chief Audit Executive**

**Audit Team**  
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**Jason Stanley, CIGA - Inspector General II**

**August 18, 2016**  
**REPORT NO. 2016-17**



## Ken Burke, CPA

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August 18, 2016

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted a Follow-Up Audit of Real Estate Management Warehouse Inventory Controls related to warehouse materials and supplies, excluding those associated with the Fleet Management Division. The objective of our review was to determine the implementation status of our previous recommendation.

For the one recommendation contained in the audit report, we determined that it has been implemented. The status of the recommendation is presented in this follow-up review.

We appreciate the cooperation shown by the staff of Real Estate Management during the course of this review.

Respectfully Submitted,

Hector Collazo Jr.  
Inspector General/Chief Audit Executive

Approved:

Ken Burke, CPA\*  
Clerk of the Circuit Court and Comptroller  
Ex Officio County Auditor

\*Regulated by the State of Florida



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# INTRODUCTION

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## ***Scope and Methodology***

We conducted a follow-up audit of Real Estate Management Warehouse Inventory Controls. The purpose of our follow-up review is to determine the status of previous recommendations for improvement.

The purpose of the original audit was to:

- 1) Evaluate the internal controls related to the Real Estate Management Department's warehouse materials and supplies inventories, excluding those associated with the Fleet Management Division.

To determine the current status of our previous recommendation, we surveyed and/or interviewed management to determine the actual actions taken to implement the recommendation for improvement. We performed limited testing to verify the process of the recommendation for improvement.

Our follow-up audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and, accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. Our follow-up testing was performed during the month of June 2016. The original audit period was May 2014 through March 2015. However, transactions and processes reviewed were not limited by the audit period.

## ***Overall Conclusion***

For the one recommendation in the report, we determined that it has been implemented. We commend management for implementation of our recommendation.



## Status

OFI NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS				
		Implemented	Acceptable Alternative	Partially Implemented	Not Implemented	No Longer Applicable
1	<b><i>Adequate Documented Policies And Procedures Are Not Available For All Warehouse Inventory Controls.</i></b>					
	Develop and implement adequate documented policies and procedures.	✓				

## Background

Real Estate Management Department's (REM) mission is to provide real estate support for County departments, agencies, and Constitutional Officers and to provide a safe, comfortable, and cost efficient work environment by an innovative team committed to communication, planning and service delivery. One of the divisions of REM is Facility Operations, which provides professional in-house and contracted services to maintain and operate County buildings.

The Facility Operations Division operates five storerooms across the County, including one in the County Corrections facility, with maintenance parts and supplies used to maintain and operate the facilities. The value of the inventory reports of items in these storerooms total approximately \$227,000 as of May 30, 2014.

REM Inventory Reports – May 30, 2014	
Location	Extended Cost
NW Storeroom, 303 Chestnut	\$52,438
CJC L-Room, 14250 49 <sup>th</sup> St.	\$11,779
CJC Main, 14250 49 <sup>th</sup> St.	\$93,758
Corrections/Detention, 14440 49 <sup>th</sup> St.	*\$2,993
South Storeroom, 545 1st Ave N.	\$65,972
<b>Totals Reported Above</b>	<b>\$226,940</b>

\* Most items did not display any value due to their unique nature.

*Also, there are certain consumable inventory type items that are not formally maintained in the REM storeroom inventory systems reported above. These items include small batteries, gloves, safety glasses, small plumbing parts, light bulbs, tape, etc.*

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# STATUS OF RECOMMENDATIONS

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This section reports our follow-up on actions taken by management on the Recommendations for Improvement in our original audit of Real Estate Management Warehouse Inventory Controls. The recommendation contained herein is that of the original audit, followed by the current status of the recommendation.

## ***1. Adequate Documented Policies And Procedures Are Not Available For All Warehouse Inventory Controls.***

Adequate documented Policies and Procedures are not available for all Real Estate Management (REM) warehouse inventory controls. Policies and Procedures are not available for the following processes:

- Conducting physical inventories of the items in inventory
- Scrapping/disposal of inventory items
- Adjustments made to inventory quantities in the Maximo inventory system
- Types of reports to submit to REM management for their review
- Management approvals necessary for inventory adjustments, etc.

It is management's responsibility to develop and implement written internal policies and procedures to perform key departmental processes, but this was not apparent in our review of REM's warehouse inventory controls.

The lack of documented policies and procedures leaves a significant void in any internal controls over the REM warehouse inventories. In addition to the potential risk of misusing County assets, any potential inaccuracy of stated quantities on-hand could pose inefficiencies to REM's efforts to perform timely repairs and maintenance to County facilities and property.

Written policies and procedures provide guidance that is necessary to properly and consistently carry out departmental functions at the required level of quality.

**We Recommended** REM management develop adequate documented policies and procedures related to their various warehouse inventory processes.

### **Status:**

**Implemented.** REM management has developed adequate policies and procedures related to warehouse inventory processes.



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